

Senate File 315 - Introduced

SENATE FILE 315

BY BEALL, HOUSER, SENG, and
BOLKCOM

A BILL FOR

1 An Act establishing farm-owned distributed generation facility
2 purchase requirements applicable to specified utilities,
3 making penalties applicable, and including effective date
4 provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. **476.49 Distributed generation —**
 2 **purchase requirements — penalties.**

3 1. Notwithstanding section 476.44 or any other provision
 4 of law to the contrary, the board shall require rate-regulated
 5 public utilities and generation and transmission electric
 6 cooperatives to purchase specified amounts of their required
 7 electrical output from distributed generation facilities. For
 8 purposes of this section, "*distributed generation facility*"
 9 means a biomass conversion facility, a solar energy conversion
 10 facility, or a wind energy conversion facility, as those
 11 terms are defined in section 476C.1, which is located on
 12 farm property and meets the requirements of section 476C.1,
 13 subsection 6, paragraph "a", and section 476C.1, subsection 6,
 14 paragraph "b", subparagraph (2) or (6). For purposes of this
 15 section, "*generation and transmission electric cooperatives*"
 16 means the same as defined in section 437A.3, subsection 10.

17 2. An electric utility or generation and transmission
 18 electric cooperative subject to this section shall submit
 19 filings to the board documenting the following:

20 a. (1) That by July 1, 2018, the utility or cooperative
 21 is purchasing a minimum of two percent of their required
 22 electrical output from distributed generation facilities.
 23 The utility or cooperative shall submit a filing by January
 24 1, 2014, and by each January 1 through January 1, 2018,
 25 demonstrating proportional progress toward attainment of this
 26 requirement.

27 (2) That the electricity is purchased from distributed
 28 generation facilities in the following percentage amounts:

29 (i) Sixty percent from wind energy conversion facilities.
 30 Of this sixty percent, fifteen percent shall be purchased
 31 from facilities with a nameplate generating capacity or the
 32 energy production capacity equivalent of each of the following:
 33 between zero and ten kilowatts; between ten and one hundred
 34 kilowatts; between one hundred and one thousand kilowatts; and
 35 between one thousand and twenty thousand kilowatts.

1 (ii) Twenty percent from solar energy conversion
2 facilities. Of this twenty percent, five percent shall be
3 purchased from facilities with a nameplate generating capacity
4 or the energy production capacity equivalent of each of the
5 following: between zero and ten kilowatts; between ten and
6 twenty kilowatts; between twenty and one hundred kilowatts; and
7 between one hundred and twenty thousand kilowatts.

8 (iii) Twenty percent from biomass conversion facilities.
9 Of this twenty percent, five percent shall be purchased from
10 facilities with a nameplate generating capacity or the energy
11 production capacity equivalent of each of the following:
12 between zero and one hundred kilowatts; between one hundred and
13 five hundred kilowatts; between five hundred and one thousand
14 kilowatts; and between one thousand kilowatts and twenty
15 megawatts.

16 (3) If the utility or cooperative fails to document
17 purchasing of the required amounts and percentages of
18 electricity from distributed generation facilities pursuant
19 to this lettered paragraph "a", it shall be subject to the
20 penalty provisions of section 476A.14, and possible suspension
21 or revocation of a license or permit as determined by the board
22 by rule.

23 b. That the utility or cooperative is in compliance with all
24 applicable rules relating to distributed generation adopted by
25 the board.

26 3. a. The board shall utilize existing standard offer
27 contract forms to facilitate interconnection between the
28 utility or cooperative and a distributed generation facility
29 as required pursuant to this section. The standard offer
30 contracts shall continue in effect for a twenty-year period,
31 subject to termination provisions for failure to perform, to
32 be established by the board by rule. The board shall ensure
33 that the contracts are calculated at reasonable and competitive
34 rates determined by the board and sufficient to facilitate
35 distributed generation facility financing. The forms shall be

1 made available for utilization by July 1, 2013.

2 *b.* The contracts shall be made available to any distributed
3 generation facility of up to twenty megawatts of nameplate
4 generating capacity.

5 c. The standard offer contracts shall not contain any
6 provision or impose any requirement which could create
7 or constitute an unreasonable barrier to or burden on the
8 development of distributed generation in this state.

9 Sec. 2. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
10 immediate importance, takes effect upon enactment.

EXPLANATION

12 This bill directs the Iowa utilities board to require
13 rate-related public utilities and generation and transmission
14 electric cooperatives to purchase specified amounts of
15 electricity from farm-owned distributed generation facilities.
16 The bill defines a "distributed generation facility" to mean
17 a biomass conversion facility, a solar energy conversion
18 facility, or a wind energy conversion facility, as those terms
19 are defined in Code section 476C.1, which is located on farm
20 property and meets specified ownership requirements contained
21 in Code section 476C.1, subsection 6.

Rate-regulated electric utilities and generation and transmission electric cooperatives would be required within five years to be purchasing a minimum of 2 percent of their required electrical output from distributed generation facilities. The bill specifies percentage requirements applicable to the purchase of electricity from wind, solar, and biomass facilities, and further specifies percentage requirements applicable to such purchases from facilities of varying sizes. If the utility or cooperative fails to document purchasing the required amounts and percentages, the bill states that the civil penalty provisions of Code section 476A.14 shall be applicable. This penalty shall not exceed \$10,000 for each day of continuing violation. The bill also provides that the board may suspend or revoke the utility's or

1 cooperative's license or permit.

2 The bill states that the board shall utilize existing
3 standard offer contract forms to facilitate interconnection
4 between the utility or cooperative and distributed generation
5 facilities, which would continue in effect for 20 years and be
6 calculated at reasonable and competitive rates. A distributed
7 generating facility, as defined in the bill, of up to 20
8 megawatts of nameplate generating capacity would be eligible
9 for interconnection. The bill provides that the contract forms
10 shall not contain any provision or impose any requirement which
11 could create or constitute an unreasonable barrier to or burden
12 on the development of distributed generation facilities in
13 Iowa.

14 The bill takes effect upon enactment.